
Notice of Market Dominant
Price Adjustment

Docket No. R2023-1

**COMMENTS OF THE
NATIONAL ASSOCIATION OF PRESORT MAILERS
(Nov. 7, 2022)**

The National Association of Presort Mailers (NAPM) respectfully submits these comments on the United States Postal Service's Notice of Market-Dominant Price Change, R2023-1, dated Oct. 7, 2022.

NAPM's membership includes "mail service providers," who offer a long and growing list of mail and shipping services to business customers; suppliers to the mailing industry; and mail owners. Our mail service provider members largely perform commingle/co-mail operations that enable their business customers access to lower postage prices, improved USPS service performance, better customer experiences and "one stop shopping" to fulfill all their mailing/shipping needs. Our members have close relationships with their business customers and work with the marketing, customer service, accounting/billing and other groups within the business' organization to help educate them about Postal Service products/services and how they can use those products/services to achieve their business objectives.

NAPM members provide "total solution" services including printing, packaging, design, addressing, integrating omni-channel marketing solutions, tracking, customer support and more, which enable the business to achieve the greatest value possible from their mailing/shipping experience. The work performed by NAPM members – much of which is not recognized through postal discounts/incentives – significantly reduces the Postal Service's costs, keeps businesses using USPS products/services, and provides extensive mail data to support a growing list of USPS programs and initiatives.

Our members interact regularly with tens of thousands of businesses. Collectively, our members process over 45 percent of the total First-Class Mail Presort Letter volume, a significant and growing percentage of Marketing Mail volume, and volumes in all USPS mail classes as well as Competitive Services parcels. We strive to be valued and collaborative partners with the Postal Service, and our members serve as a valuable extension of the USPS' sales organization in that we sell its services and products, provide adjacent and value-add services to its mailing customers, and work collaboratively with its organization to develop innovative solutions to help the USPS achieve its

objectives. Our members' mail manufacturing and processing operations are closely aligned to the USPS', we make our livelihoods selling, manufacturing, producing and presenting its mail products for their customer to their delivery network, and our financial sustainability is interdependent on the USPS' stability.

NAPM members continue to experience labor shortages, supply chain issues, significantly increased costs and other challenges due to inflationary and economic pressures. Members continue to experience challenges with labor recruitment and retention, costs of materials and services continue to escalate, and forecasts are not optimistic that these conditions will significantly improve in the foreseeable future. Over 65% of our NAPM member companies are small or mid-sized businesses who find it increasingly difficult to operate profitably given these economic challenges, and these businesses are particularly sensitive to loss of customer volume.

We remain dedicated to working collaboratively with the Postal Service to achieve some of the objectives laid out in its Delivering for America plan. While we are optimistic that the Postal Service's plans to redesign its facility and transportation network over the coming years will achieve its goals, we recognize that the years-long transition period may create additional challenges for our members. We encourage the Postal Service to begin working more closely with its industry partners on its redesign plans as soon as possible.

Our below comments are offered as a collaborative business partner with the USPS, as well as taking into account the challenges many of our members are facing.

I. First-Class Mail Rate Design

As always, NAPM commends the Postal Service for the First-Class Mail workshare discounts it has proposed that reflect Efficient Component Pricing (ECP) with passthroughs set at or near to 100% to reflect the work done by NAPM members to make mail more efficient and less costly for the USPS. Notwithstanding some progress, there are still 6 discounts in First-Class Mail where the passthroughs are set below 100%. Most noticeably, the Automation 5-digit Letters workshare discount is set at 85.7% which, although in compliance with the Commission's rules, does not reflect Efficient Component Pricing and the work performed by NAPM members. Not only do passthroughs set at this low level not fairly compensate mailers for the activities they must perform to qualify for the discount, they also do not take into account the many other value-add activities NAPM members and other mailers perform that help reduce the Postal Service's costs, keep businesses using the mail, and add value to the business customer's mailing experience.

The Automation 5-Digit Letters category of First-Class Mail represents a significant portion of overall FCM volume and revenue, as acknowledged by the USPS in its proposed price change, and as such, the passthrough set by the USPS has a significant impact on the mailers that prepare this volume. Keeping the discount at the same amount effectively represents a decrease in the value of the discount due to high inflation and its impact on the value of a dollar. Our members have experienced significant increases in costs of goods and services essential to operating their businesses, so keeping the workshare discount dollar amount the same in reality represents a decrease in the value of the workshare discount compared to the increased costs they are incurring to comply with the discount category requirements.

The Commission has noted many times in past proceedings, including as recently as Order 6188 issued concerning the Postal Service's July 2022 price change, "that if over time, the Postal Service was using the 85 percent passthrough floor as a safe harbor for below-avoided-costs workshare discounts and not taking steps to move those workshare discounts toward 100 percent passthroughs, the Commission would reconsider the rules on workshare discounts as part of its planned 5-year review of the modified ratemaking system." With a 5-year review by the Commission not expected until 2026, NAPM is concerned that the continued anticipated increase in economic pressures and potential recession will have a significant negative impact on the mailing industry. We urge the Commission and the Postal Service to consider these impacts on the industry when it establishes workshare passthroughs and to move minimum passthroughs closer to 100% to fairly compensate mailers for the work they continue to perform despite growing economic pressure. As can be seen in the below chart, the USPS has not changed the First-Class Mail Automation 5-Digit Presort passthrough significantly in the past 3 price changes, and it remains well below 100%. In addition, costs avoided have increased since 2019 by over 30% while the discount has increased only 24%.

Docket No.	First-Class Mail 5-Digit Automation Presort Letters			
	Discount	Cost Avoided	Passthrough	Volume (billions)
	[a]	[b]	[c]	[d]
R2023-1	\$0.036	\$0.042	85.7%	23.527
R2022-1	\$0.036	\$0.042	85.7%	23.928
R2021-2	\$0.035	\$0.041	85.4%	23.941
R2021-1	\$0.030	\$0.038	78.9%	24.647
R2020-1	\$0.028	\$0.034	82.4%	24.317
R2019-1	\$0.029	\$0.032	90.6%	24.200
R2018-1	\$0.030	\$0.034	88.2%	24.307
R2017-1	\$0.030	\$0.036	83.3%	24.313
R2015-4	\$0.023	\$0.031	74.2%	20.978
R2013-10	\$0.023	\$0.028	82.1%	19.895
R2013-1	\$0.024	\$0.025	96.0%	20.529
R2012-3	\$0.024	\$0.026	92.3%	20.032
R2011-2	\$0.025	\$0.026	96.2%	20.967
R2010-4	\$0.022	\$0.026	84.6%	21.095
R2009-2	\$0.022	\$0.024	91.7%	21.323
R2008-1	\$0.022	\$0.021	103.3%	20.054

Consider the impacts on the Postal Service and American businesses if a healthy mailing presort/commingle industry did not exist. If businesses could not easily access the lower postage prices that mailing services enable, they would more aggressively look to communication alternatives since their ROI from using mail would decrease. Service performance for mail would deteriorate, since the USPS' own measurement system acknowledges the superior service performance experienced by presorted and drop shipped mail. The USPS' costs of supporting and educating businesses on using its products and services would increase significantly since today the mailing industry performs much of that activity. USPS customer service costs would also increase significantly as today mail service providers largely handle business customer issues. USPS mail verification and acceptance costs would significantly increase if businesses each submitted single mailings to the USPS vs. utilizing commingle/co-mail providers. Without a vibrant mailing industry, the volume of mail utilizing streamlined mail programs such as IMb Full-Service and Seamless Acceptance would significantly decline as most businesses are unable, ill-equipped, or unwilling to deal with the requirements. Without sufficient mail using IMb, the USPS' service performance measurement system would collapse. Without barcodes on mailpieces, the USPS' mail processing costs would increase substantially, and programs that depend on the IMb such as Informed Delivery would cease to exist. Volume of non-machinable or non-automation compatible mail would increase as businesses would lack the mailpiece design expertise the mailing industry provides. Address quality would decline, causing an increase in undeliverable mail and its associated costs.

There are many reasons that a vibrant mail services industry has evolved and continues to be used by more and more businesses over time. The Postal Service should embrace the value of mail service providers and fairly compensate these providers for the work they perform, which can only be accomplished through moving passthrough discounts closer to 100% or through incentives that help defray mailers' costs.

In addition, NAPM is concerned about the continuing cost coverage issues for First-Class Mail flats which cause the Postal Service to increase prices an additional 2%, for a total of an 11.2% increase for Presorted FCM flats. Although the Postal Service notes that the category is likely to return to being a compensatory product, that is not a guarantee and is dependent on whether the USPS has successfully managed costs for the product. The USPS does not detail what measures it is taking operationally to reduce the costs associated with FCM flats, and we are concerned that should those measures be insufficient, FCM flats will continue to face price increases significantly above the average for the mail class, further driving volume out which in turn can harm the USPS' productivity and cost management.

II. Marketing Mail Rate Design

NAPM commends the Postal Service for continuing to improve the workshare discount passthroughs for Marketing Mail 5-Digit Automation Letters. As can be seen on the below chart, the Postal Service over the past 2 price changes has moved the passthrough back closer to 100%, reflecting the value of the work performed by mailers and resulting cost savings for USPS in this category.

Docket No.	Marketing Mail 5-Digit Automation Presort Letters			
	Discount	Cost Avoided	Passthrough	Volume (billions)
	[e]	[f]	[g]	[h]
R2023-1	\$0.034	\$0.035	97.1%	34.219
R2022-1	\$0.032	\$0.035	91.4%	32.855
R2021-2	\$0.032	\$0.033	97.0%	27.792
R2021-1	\$0.026	\$0.029	89.7%	30.583
R2020-1	\$0.025	\$0.027	92.6%	34.374
R2019-1	\$0.025	\$0.025	100.0%	33.552
R2018-1	\$0.023	\$0.026	88.5%	34.014
R2017-1	\$0.020	\$0.026	76.9%	33.326
R2015-4	\$0.019	\$0.022	86.4%	29.940
R2013-10	\$0.020	\$0.020	100.0%	25.501
R2013-1	\$0.019	\$0.019	100.0%	25.400
R2012-3	\$0.018	\$0.020	90.0%	26.867
R2011-2	\$0.018	\$0.020	90.0%	24.803
R2010-4	\$0.020	\$0.020	100.0%	23.109
R2009-2	\$0.018	\$0.018	100.0%	27.504
R2008-1	\$0.016	\$0.0158	101.6%	25.925

NAPM continues to be concerned, however, with the price differential relationships within Marketing Mail drop ship prices. The majority of Marketing Mail volume is entered to the Postal Service through drop ship by mailers, largely to achieve more predictable and reliable service performance for their business customers and the drop ship discounts help compensate mailers and logistics providers for the cost of drop shipping, which also benefits the Postal Service by reducing its costs.

Not only is it important to consider drop ship discounts at the price level, but also the price difference between the discount levels. We assume the USPS continues to desire drop shipment of mail as deep into its network as possible, since the drop ship discounts are designed to reflect that (e.g., the deepest discount is to drop mail at the Destination Delivery Unit when allowed, or the Destination Sectional Center Facility). The drop ship behavior of mailers and logistics providers, however, is not driven just by the discount itself but also the difference between discounts. There needs to be sufficient difference between a DNDC and DSCF drop ship discount, for example, to incent mailers to drop ship further into the network. If the difference is insufficient, mailers may opt

to drop at the DNDC because the difference to go to the DSCF is insufficient to cover the additional costs.

In the USPS proposed prices in R2023-1, the price differentials for Marketing Mail flats between Origin Entry and DSCF decline 2% and between DNDC and DSCF the price differential declines 9%. For Marketing Mail Carrier Route flats, the price differential between Origin and DNDC and that between Origin and DSCF both increased but the differential between DNDC and DSCF declined by over 45%. These declines in the price differential between different levels of drop ship do not seem to correlate with the USPS' goal to have mail entered deeper into the network. On the latter increase, which is a significant one, the result may be that Marketing Mail Carrier Route flats entered today at the DSCF will elect after the January price change to move to entering these pieces at the DNDC or Origin facility. Not only will this result in cost increases for the Postal Service to process and transport these pieces, it also results in service performance declines for the mail. These results seem contrary to what the USPS is trying to incent mailers to do. We strongly recommend that the Postal Service perform analysis not just of the change in a price/discount itself but also changes in the relationships between prices to ensure that the mailer behavior they are attempting to incent is reflected.

New Container Discounts. While NAPM commends and encourages the Postal Service to continue to explore and adopt new workshare discounts that reward the most efficient mail preparation and entry behaviors, we would like the USPS to be more transparent in terms of what behavior it is attempting to drive. We are concerned that the USPS may have one goal in mind in terms of mailer behavior but the realities of how mail is produced and entered may drive a different behavior as a result of a particular discount – or the preparation/entry rules that accompany the discount.

The new container discount proposed by the Postal Service for Marketing Mail Flats on SCF Pallets, for example, if approved, will be available for 3-Digit and 5-Digit Presorted Marketing Mail flats. While the container discount recognizes the value of cross-dockable SCF pallets, it only applies to 3/5-digit presorted flats and ignores ADC presorted flats which today are typically prepared on the same SCF pallets (as allowed by mailing standards when the ADC falls within the service area served by the SCF – which is the case for more than 90% of the ADCs). ADC presort flats should be allowed to qualify for the same container discount as the 3/5-digit presorted mail when they travel on the same container and therefore reap the same benefits for the USPS, as noted in its filing:

“The reason for establishing these discounts, as required by 39 C.F.R. § 3030.123(h)(1), is to enable the efficient flow of SCF pallets through the network. Also, SCF palletization reduces mail processing costs and improves service times by eliminating bundle or tray

handlings and sortation in facilities upstream from the destination SCF or DSCF. These discounts are based on the costs that are avoided by grouping pieces on SCF pallets.”

NAPM urges the Postal Service and the Commission to allow all pieces eligible to be prepared on an SCF pallet to qualify for the SCF pallet discount. Otherwise, the incentive may drive different mail preparation behaviors that result in increased costs for the USPS.

Every Door Direct Mail (EDDM). NAPM is concerned with the Postal Service’s greater price differentiation between Every Door Direct Mail Retail and Every Door Direct Mail Commercial. The former is the price paid for EDDM when deposited through post office retail, and the latter is for EDDM that comes through the Business Mail Entry Unit. NAPM members provide EDDM services to customers utilizing EDDM Commercial and find themselves at a growing disadvantage when the price differential grows between the retail version of the service and the commercial version of the service.

The USPS’ rationale for the lower EDDM retail price is to act as incentive to support Postmasters selling EDDM to local small businesses. NAPM members, however, also sell these services to local small businesses, and our members offer a more extensive list of services for the EDDM customer than the USPS can provide. Our members provide printing services, data tools and analysis, mailpiece design consultation, mailing services, post-mailing data and analytic services and more. The EDDM customer ultimately is better served by mailers such as NAPM members who are professional mailing services that can offer the advantage of much higher quality mailings, and can provide “one stop shopping” for all the services the EDDM customer will need. In reality even the EDDM Retail customer must utilize additional service providers to, at minimum, perform the EDDM printing service.

III. The Commission should Clarify the Approach for Calculating the Percentage Change in Rates

The Commission should clarify the application of its rules governing the calculation of the percentage change in rates in connection with proposed changes in mail preparation or eligibility standards.¹ The issue arises in the current rate adjustment in the context of the proposed transition from FSS scheme preparation standards for Periodicals Mail. These comments do not address the merits of the proposed preparation

¹ 39 CFR 3030.128.

changes for Periodicals, but rather the application of the rules for calculating the percentage change in rates, an issue that affects all market dominant mail products.

Commission rule 3030.128(a) states that “[f]or the purpose of calculating the percentage change in rates, the current rate is the rate in effect at the time of the rate adjustment filing under [39 C.F.R.] § 3030.121” unless an exception in 39 C.F.R. § 3030.128(a)(1) or (2) applies.² A plain reading of the rule suggests that the “current rate in effect at the time of the rate adjustment filing” would necessarily encompass the rate as it was at the time of the rate adjustment filing, including the prevailing mail preparation or eligibility standards.

In response to Chairman’s Information Request No. 1, question 6(e), however, the Postal Service stated that “[c]omparing the before-rates revenues under the improved preparation standards to the after-rates revenues under the same preparation standards provides a clean comparison of the price adjustment[,]” for purposes of calculating the change in rates.³ This counterfactual approach is inconsistent with the plain language of the rule and with the Commission’s prior findings that mail preparation and eligibility changes can have rate effects.⁴

To ensure an effective rate increase from a change in mail preparation standards is properly accounted for under the price cap, the magnitude of the rate increase must be calculated comparing the before-rates revenues under the current or before-rates preparation standards to the after-rates revenues under the new or after-rates preparation standards. A hypothetical example illustrates the point. Under the Postal Service’s proposed approach, if the Postal Service chose to eliminate the 5-Digit Automation Marketing Mail Letters rate category, thus forcing mailers to pay the AADC Automation Marketing Mail Letters rate, it would not have to account for the effective rate increase of pushing billions of pieces from a lower 5-Digit rate to a higher AADC rate, but rather would only need to compare the before-rates AADC rates to the after-rates AADC rates for purposes of calculating the overall percentage change in rates for Marketing Mail. This approach cannot be accepted because it ignores the potential rate impacts of changes in mail

² 39 CFR § 3030.128(a).

³ Docket No. 2023-1, Responses of the United States Postal Service to Chairman’s Information Request No. 1, Question 6(e) (Oct. 20, 2022).

⁴ See 39 CFR § 3030.128; *see also* Docket No. RM2018-11, Advanced Notice of Proposed Rulemaking (Order No. 4750) (Aug. 9, 2018) at 1 (“The Commission continues to maintain that certain mail preparation changes are rate changes”).

preparation requirements and would frustrate the Commission's statutory obligation to ensure compliance with the annual limitation on rates.

The number of information requests suggests the Commission is focused on this issue. The Commission should use this proceeding to clarify the application of its rules governing the calculation of the percentage change in rates in connection with proposed changes in mail preparation or eligibility standards.

IV. Streamlined Mail Incentives

As stated in past comments, NAPM commends the Postal Service for continuing its streamlined mail incentives – IMb Full-Service and Seamless Acceptance. Each of these incentives, which are separate and have distinct requirements and benefits, help defray the costs for mailers to produce mail for the USPS in a manner that brings many benefits. IMb Full-Service incents mailers to apply Intelligent Mail barcodes on mail; submit electronic mailing data; ensure piece, handling unit, and container barcode uniqueness; use valid MIDs and STIDs; identify the mail owner and preparer through By/For data; and ensure correct Entry Facility data is contained in the eDoc for drop shipped mail. Seamless Acceptance incents eDoc submitters (typically Mail Service Providers) on complying with eInduction requirements (for drop shipped mail); ensuring accurate Delivery Points in the barcode; ensuring accurate Nesting/Sortation in the presort; ensuring that postage has been paid on every piece (or providing additional data on “undocumented” mailpieces to show postage has been paid); and ensuring the piece qualifies for the postage rate claimed based on its mail characteristics.

The “data rich” streamlined mailings provided to the USPS through programs such as IMb Full-Service and Seamless Acceptance continue to be the foundation for a long and growing list of USPS initiatives designed to add value to mail, retain mail volume, reduce USPS' costs, and increase USPS efficiency. Informed Delivery marketing campaigns, Service Performance Measurement and diagnostic tools to improve service, to election mail tracking, Informed Visibility, Surface Visibility, Mailer Scorecard data to drive mail quality improvements, and much more – all rely on the data only mailers can provide with their Streamlined Mail production and processing capabilities. These data-rich capabilities provide benefits to all users of the mail and to the USPS, but they do not come without costs. NAPM offers the below comments and recommendations on these incentives.

IMb Full-Service Incentives. Although a significant portion of the mail eligible to be sent as IMb Full-Service is sent through IMb Full-Service, there continue to be costs for mailers to participate in IMb Full-Service and those costs have grown significantly in the past few years with inflation and economic

pressures, as noted above. The actual dollar amount of the IMb Full-Service incentives has not changed since its implementation for First-Class Mail and since 2019 for Marketing Mail. As discussed earlier in these comments, the significant growth in inflation and economic pressures have increased the gap between the IMb Full-Service incentive and the cost of complying with the program.

As noted in prior comments, NAPM is concerned that as economic pressure continues to increase, some mailers may choose not to mail pieces as IMb Full-Service in order to decrease their costs. The more the cost-benefit scenario is eroded as costs continue to rise but the dollar amount of the incentive remains the same, the more pressure mailers may face to look at other options or amend their service offerings. An erosion of the percentage of mail in IMb Full-Service also means a decline in mail included in Service Performance measurement as well as mail eligible for other USPS programs such as Informed Delivery marketing campaigns, etc.

We recommend that the Postal Service and the Commission closely monitor the volume of eligible mail utilizing IMb Full-Service and consider increasing the IMb Full-Service incentive to better defray the mailer costs of participation.

Seamless Acceptance Incentive. Comparing data for FY2022 through Q3 (Q4 data not yet available from USPS), for First-Class Mail, 73.6% of IMb Full-Service pieces were mailed through the Seamless Acceptance program. For Marketing Mail, an average of 74% of all pieces mailed IMb Full-Service were mailed through Seamless Acceptance. These percentages indicate that there is still significant volume of mail eligible for Seamless Acceptance that is not being mailed through Seamless, and that there has not been a significant increase in adoption over the past year. Indeed, not all of NAPM's members are utilizing Seamless Acceptance and there are two primary reasons they have shared with us -- the current incentive is insufficient to cover their costs of participating in Seamless Acceptance, and the potential financial risks from undocumented pieces which can require significant resources to investigate and document, which represents additional cost.

When the USPS first introduced the Seamless Acceptance incentive (R2021-1), it noted in its rationale:

"Seamless Acceptance automates the Postal Service's manual mail verification process...Prior to Seamless Acceptance, the Postal Service performed only manual verification of the mail, which can be an arduous, time-intensive process. Seamless Acceptance enables the Postal Service to perform automated verifications of Seamless mailings by reconciling eDocs with barcode scans recorded on mail processing equipment and via handheld scanners, thereby improving operational efficiency when compared to the verification of mail inducted manually."

“The Postal Service also benefits from the enhanced visibility, which allows for more accurate postage calculation and for the Postal Service to more easily identify and correct issues with mailings. Further, automating the manual mail verification process replaces much of the manual sampling of mail performed by USPS clerks with census data from mail processing equipment, resulting in a larger and more consistent data set.” “The Postal Service designed the Seamless Acceptance incentive to encourage the adoption of Seamless Acceptance by mailers, thereby improving both the value of mail for mailers and the operations of the Postal Service.”

Since the current Seamless Incentive has not changed since its introduction in 2021, it would appear that an increase in the incentive is needed in order to incent the remaining roughly 25% of IMb Full-Service mailpieces that are eligible for Seamless into the program. Increasing the incentive will help offset the costs incurred by mailers to participate, which continues to be a barrier to participation. In addition, as noted previously in these comments, the fact that the actual dollar amount of a discount/incentive has not changed over time while inflation has driven up prices and decreased the value of a dollar, effectively acts as a decrease in the incentive for mailers since all their other costs are rising. We urge the Postal Service to seriously consider increasing the Seamless Acceptance incentive in order to drive further participation in the program.

V. Promotion Incentives

NAPM commends the Postal Service for continuing to offer Promotions and for its continued recognition of the costs for NAPM members and other mailers to support promotions. As noted previously, our members are often at financial risk in supporting promotions because even if it is the customer who ultimately makes an error that causes a promotion to fail, competitive pressure within the industry drives our members who support promotions to pass the incentive to the customer at their own cost. Accordingly, we commend the development of the Informed Delivery campaign incentive for the eDoc submitter which recognizes the financial risk as well as the added costs to support customers engaging in promotions.

NAPM supports the USPS promotion programs which help retain and grow mail volume by offering customers access to incentives, help support new technologies and mailpiece designs that increase response rates, improve the overall value of mail, and enable businesses utilizing mail to engage with

their customers in new ways. We encourage the USPS to continue to explore new types of promotions, working collaboratively with the mailing industry. We also strongly encourage the USPS to improve reporting and access to more specific customer data for mailers performing commingle/co-mail. Today when a customer promotion is failing, it is often difficult for our members to identify which customer in a commingled mailing is being impacted. Since mailings often are submitted over numerous days, getting access to actionable data to identify the specific mailer having the issue is critical to minimize financial risk for the customer and the mailer.

VI. Price Change Support

NAPM commends the Postal Service for interacting with industry through various MTAC workgroups and User Groups to provide technical details and respond to questions around its price changes. We also appreciate the Postal Service providing excellent speakers from its Pricing & Costing group to conduct webinars with our NAPM members and answer their questions on price changes. Allowing mailers to have interactive conversations with these executives is invaluable in helping the USPS understand how the prices and discounts it develops drive mailer behavior and helping our members understand how prices are developed by the USPS.

NAPM encourages the Postal Service, however, to improve the accuracy and timeliness of its proposed (and final) price change information in the Notice 123 and files that it posts on its Postal Explorer website. For the last few price changes, there have been numerous errors in the information when first posted, requiring corrections to be made. Since many mailers are anxious to obtain the price information as quickly as possible, erroneous information in the first published files circulates, and it takes some time for information to be corrected within the industry at large. NAPM members and others also expend customer support resources investigating errors.

VII. Pricing Implementations

As commented previously, NAPM continues to oppose the Postal Service changing prices twice in the same calendar year for Market Dominant products. We strongly urge the USPS to explore other options to achieve its revenue goals, working collaboratively with the mailing industry to develop a better solution. Multiple price changes in the same calendar year tie up IT and other resources both for the USPS and for the mailing industry to the point that our members are unable to utilize their limited IT resources for much else as they move from software changes to support one price change and then the next. As NAPM has previously stated, two price changes in the same year represent a significant expense for both the USPS and industry to update software, systems, and make other

changes necessary to support a price change.

In addition to the IT resources needed to support price changes, each time the USPS increases prices it causes customers using mail to re-evaluate the cost-effectiveness and ROI of mail compared to other communications media. NAPM member customers perform extensive analysis with every USPS price change to see if utilizing other marketing media has become more cost effective and if they determine that is the case, they will reduce use of the mail in lieu of other options.

NAPM supports the USPS moving back to a price change cycle where both Market Dominant and Competitive Services price changes are implemented at the same time, as one way to reduce the constant IT drain of having to repeatedly update systems, software and processes. There are very few businesses that don't utilize **both** Market Dominant and Competitive Services products. At least having both product categories on the same price change timeline would represent significant cost savings as well as providing more predictability for users of mail and parcels.

An annual predictable price change is needed to ensure stability in the mailing and shipping industry, and is supported by the Postal Accountability & Enhancement Act (PAEA), Objective 2, "to create predictability and stability in rates," and Objective 8, "[t]o establish and maintain a just and reasonable schedule for rates and classifications..."

VIII. Conclusion

As always, NAPM appreciates the work that the Postal Service and the Commission put into formulating, reviewing and adjusting price change proposals such as these. We urge the Postal Service and the Commission to consider the issues we have raised around discount passthroughs, incentives, and price change implementation. We commend the Postal Service for the instances where it is improving workshare discounts and creating new discounts & incentives, but caution that often changes in discounts – or the relationships between discounts – can result in unintended consequences in changes in mailer behavior. We commend the Postal Service for its efforts to better understand the mailing industry processes and decision-making as a result of price and discount changes and encourage the Postal Service – and the Commission – to continue these efforts.

We continue to oppose USPS price changes twice in the same calendar year which are costly to both the USPS and the industry as well as creating uncertainty with business mailers trying to budget and plan their mailings, and tying up valuable IT resources that could be utilized by both the USPS and industry to work on new ways to grow mail volume.

NAPM members continue to desire to work with the USPS collaboratively on innovative and new approaches to our mutual challenges. Our success is inextricably linked as we all depend on

retaining and growing mail volumes.

The NAPM appreciates the Commission's consideration of these comments.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Robert Galaher", written in a cursive style.

_____/s/_____
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